Growth Hacking for ecommerce: Building Your Way to Success

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2020 Laurea

Laurea University of Applied Sciences

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Service Innovation and Design
Master's Thesis
June, 2020

Laurea University of Applied Sciences **Abstract**
Degree Programme in Service Innovation and Design
Master of Business Administration

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Year 2020 Number of pages 61

The objective of this thesis was to understand how growth hacking can be applied to ecommerce in enterprises and what are the skills required to form a successful growth team. This thesis was not commissioned by an organisation but an enterprise with an ecommerce store was used for the data collection part.

This thesis showcases how service design can be used for growth hacking. Growth teams can benefit from design thinking tools to a great extent from understanding the users to mapping out experiments. The theoretical framework relies on growth hacking in the literature, including a growth hacking taxonomy. Desk research, observation at growth hacking events, two in-depth interviews and two four-hour workshops were used as part of the Double Diamond model as research methods.

The requirement for the right mindset is seen as the essential skill for people to successfully form growth teams and deploy growth hacking. The successful application of growth hacking requires a team that shares a mutual growth mindset as well as a model to operate in a way that allows finding growth anywhere it may be found. Growth hackers are people who possess a hybrid mix of skills from a technical and tactical point of view, but who also think strategically about growth. Their skills include marketing, IT/development, content, product development and design. Growth teams can be highly successful and practically hinder business stalling but only if they are able to be agile in finding what provides the most value.

It is recommended that enterprises who have ecommerce form multi-disciplinary teams that have the mandate to conduct experiments and find new places for growth. Also, the entire organisation should be encouraged to read and learn about growth hacking. Whereas growth hacking teams should exist, it should not be left to be only one team's tasks to drive growth. Everyone in an organisation should fearlessly seek growth and most importantly, leave no stone unturned in the process.

Keywords: growth hacking, ecommerce, service design, marketing, growth hacking taxonomy

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1 Introduction and the Aims of This Thesis

Stalling growth is an issue for any business and every company needs to keep acquiring customers, engage them and keep them coming back for more (Ellis and Brown, 2017). Hence, utilising growth hacking in ecommerce is lucrative as the nature of digital commerce allows for fast feedback and easy implementation when the team has the necessary skills to conduct experiments to drive growth.

This allows the business to avoid stalling or address stalls quickly through creative experiments in response to the stalls. In contrary to long strategic business model planning, growth hacking aims to establish what the customers are willing to pay for in an agile and fast manner. Taking influences from lean and agile, as well as lean start-up thinking, growth hacking revolves around the mindset of an individual and a multi-disciplinary team: a growth team works to find growth and relentlessly looks for ways to find it (Martela, 2019).

According to Olson, et al. (2008) stalling can often stem from premium-position captivity, innovation management breakdown, premature core abandonment and talent or competence shortfall. By looking out for these, a business is better placed to avoid stalling or react to them quicker (Olson, et al., 2008).

The last one, competence shortfall, is also in the focus of this thesis. The main motivation behind this thesis was to understand how growth hacking can be applied to ecommerce in enterprises and what are the skills required in a successful growth team. Additionally, this thesis was formed to showcase how service design can be used for growth hacking. Service design helps both in the growth hack experiment ideation process as well as in mapping out the required steps in conducting an experiment using a service blueprint. The importance of ideas for testing is paramount to growth hacking as the idea is to test fast and gain a deeper understanding of what is commercially viable and what is not. This is then applied in a wider context and scaled across the business.

Even though the term growth hacking has been around nearly for a decade, and perhaps sometimes it is even considered outdated, the mindset growth hackers possess will never get old. Digital commerce in many places is only starting to get traction and there is still a lot of businesses can do to reap the benefits of it. Growth hacking is not something that replaces the strategic work but rather complements it. It offers faster product-market-fit and understanding of what is viable in the context of digital commerce. Growth will always be a driver for business and the more systematically it can be acquired and managed, the better off the business is in the long term.

The key in growth hacking for ecommerce is to have a team that has the required competencies, but also the creativity to come up with ideas and fearlessly renew them. By adding freedom to execute, digital commerce owners in both big and small companies can fast track their growth unlike ever before.

Figure 1. Purpose, aims, research questions and research methods of this thesis.

2 Theoretical Framework

2.1 What Is Growth Hacking and The Evolution of It

According to the literature, there is a tight relationship between business growth and capabilities. The evidence suggests that an organisation's performance and growth help grow key processes, including continuous improvement, market orientation, internationalisation and market development, alliance, and joint venture formation (Koryak et al., 2015). Growth capabilities are also seen as a result of leadership behaviours and management activities combined, developed within individuals, processes and structures (Felin et al., 2012).

Traditionally, growth hacking has been associated as a tactic for small start-ups trying to leverage small marketing budgets while aiming to reach the right customers for their product.

According to the literature, there are a few notions for the origin of the term “growth hacking”, but the most prominent is Ellis’ (2010) first blog post about growth hacking in start-up marketing where he first introduced the idea of growth hacking and growth hackers. Ellis (2010) defines growth hacking by the skills growth hackers have: by being the people in a team who are solely driven by the growth of the business through tactics that are embedded in the product.

Growth hackers can also be defined as people who have a mind for data and who disregard the rules, pioneering marketing with the use of tools the Internet has made available including email, pay per click, APIs and social media and data (Holiday, 2014). Whereas this is agreed to be the first time the term was used, it took a couple of years for the term or the idea to pick up in the start-up world even though it is now deemed an essential tactic for driving growth within start-ups and other companies alike.

The next notable mention of growth hacking in the literature comes a few years after Ellis’ blog post from 2010 when a technology expert, Chen (2012) wrote about growth hacking in the context of traditional marketing. Chen (2012) follows the idea of growth hackers being the disruptors in the marketing team in start-ups and presents the definition of growth hackers being a hybrid of a marketer and coder. Growth hackers blur the lines between different teams including engineering and marketing while ensuring that there is a product-market-fit and after that, ensure that the product gets customers (Chen, 2012). Interestingly, only a few years after writing about the term for the first time, Ellis (2012) follows up Chen’s (2012) post by writing about redefining online marketing and how growth hacking really is actually about understanding that traditional marketing techniques are usually not all that efficient in driving growth for online businesses. Here, in Ellis’ (2012) expanded description, the emphasis is on the word online marketing or doing business online.

Arguably, start-ups are often playing the online business world and it is interesting how growth hacking is almost solely considered to be a term for companies and the online aspect of their marketing or doing business online. Perhaps it is because growth hacking has a tight relationship with data as the “growth hacks” or tactics used within the remit of growth hacking are deemed either successful or unsuccessful based on the data on the results. Doherty (2012) thus defines growth hacking as “data-driven marketing” where decision making is based on data and elaborates on this by stating that growth hacking is both about growth but also about the retention of your customer base.

As the term and tactics of growth hacking evolved, in 2013, Holiday published an article where he discusses the fact that traditional marketing misses the point by not embedding it in the product, but somehow looking marketing as a separate area in its own silo. According to Holiday (2013), companies must build marketing into their product to succeed. Growth is

something that needs to be thought about strategically. The majority of start-ups fail because they do not embed marketing into their products, but rather think of it as something to do after the launch (Agrawal and Chaubey, 2019).

Holiday (2013) uses an interesting comparison from the time before the Internet in terms of achieving success: whereas during that time few influencer relationships ensured an audience for a product, today the markets are much more saturated and noisy, making it more and more difficult to reach an audience by using old media. This again promotes the idea of growth hacking being coined with the online world or the online side of the business.

The discourse between growth hacking and marketing is essential as marketers are often driven by the same Key Performance Indicators (KPIs) as growth hackers are, but the tactics both deploy are very different. The idea of traditional marketers needing to embed marketing in the product is also backed up by Ellis' (2014) notion on the fact that growth hacking is not something just for start-ups but something that every marketer should relate to. Arguably, growth hackers possess a mindset and tactics traditional marketers may not think of (Agrawal and Chaubey, 2019). So regardless of the marketer's playing field, let it be an online-based start-up or a marketer in a large enterprise, the marketer should see themselves as growth hackers driven by the desire to find growth anywhere.

Schawbel's (2013) definition of growth hacking backs this up by stating that growth hacking means stopping to think about marketing as something that happens only after a product is launched, again highlighting the importance of embedding marketing in the product. Agrawal and Chaubey (2019) focus on their definition of growth hacking to the end goal of gaining customers by stating that growth hacking is about making marketing experiments to find strategies to acquire and retain customers using data. Holiday's (2013) notion backs this up by using an example of reaching the right audience before the Internet and today, the latter being subject to much more competition. The key, based on the literature, seems to be to embed marketing in the product for ultimately achieving growth.

There are multiple definitions for growth hacking and they largely follow the same ideology and pattern. However, it is interesting that Ellis (2012) also argues that the exact definition of growth hacking or a growth hacker should not be caught upon. Perhaps the exact definition would be too limiting which would go against the core values of growth hacking: trying to find growth in everything without limiting it to silos of e.g. engineering or marketing. Instead, Ellis (2012) highlights the importance of the concept behind the term: being focused on growth rather than marketing.

In the last ten years or so, the topic of growth hacking has sparked a lot of discussions and the term and the use of the tactic has hence spread to also larger companies. Even though start-ups are the most likely users of growth hacking with their limited resources and by

nature agile ways of working, growth hacks can be used by enterprises and other companies. In essence, growth hacking is about not wasting time by creating marketing strategies that are never properly executed, but rather find working tactics by trying and testing (Ellis, 2014).

Ellis (2014) describes this process that start-ups go through as driven by "desperation leads to innovation" but large enterprises do not need to shy away from growth hacking even though they seemingly have larger budgets and resources. However, large companies are usually more risk-averse (Ellis, 2014) which can lead to less innovative ways of marketing and driving growth. This means that large companies do not create new channels for growth or operate in silos even though the individuals a the company would have the mindset and competence to work differently.

Roschier (2018) has studied in his thesis how suitable growth hacking is for large organisations, especially in Finland. Roschier (2018) found that growth hacking initiatives are fairly widely used in large organisations but that they should be started on a small scale rather than trying to bend the whole organisation behind the concept. Interestingly Roschier (2018) also states that none of the interviewees for his thesis had encountered negative feedback from growth hacking even though they had experienced that executing it was sometimes difficult due to the way large companies operate and are structured.

2.2 The Required Mindset / The Culture Aspect of It

Roschier (2018) found in this thesis that large companies often have difficulties implementing growth hacking as they are structured in silos. In contrast, in start-ups, all employees are often working on the same problem and as Blank (2013) puts it they are "a temporary organisation designed to search for a scalable business model". This difference in the set up implies that for any organisation to implement growth hacking, they must aim to break down the silos. They must also take into account not only the cultural aspect of growth hacking but also what it requires from the mindset of the employees.

Regardless of the lean start-up model fitting well in start-ups, Conway and Hemphill (2019) found in their study that also start-ups struggle with implementing growth hacking due to resource constraints, especially in the required skills. The lack of people with relevant skills is seen as a barrier to executing growth hacking in UK tech start-ups (Conway and Hemphill, 2019).

Finding the right people can pose a serious challenge for adopting growth hacking as it is an extremely creative field where the mindset plays just as an important role as the actual tangible skills do. Growth hacking requires people who "swim against the flow" who are able to

combine “art and science” and as it is hard to find individuals fitting this description it is ever more important to execute growth hacking as a team (Conway and Hemphill ,2019).

Mindset is prominent elsewhere in the literature too when looking at what enables a successful growth hacking team. According to Patel (2016), the success of growth hacking stems from having the right mindset and he goes on to propose that growth hacking is a mindset above all. It is that with the mental approach of finding creative solutions to problems, people can find ways to eliminate obstacles to growth (Patel 2016). Patel (2016) also proposes that the people doing growth hacking in an organisation have to be good at strategic thinking and not be stuck in patterns of their function, again speaking for breaking down the silos and strict job descriptions.

This notion is backed up by Pizza (2016) with the idea of growth hacking being a new marketing mindset that helps companies do more with less, regardless of their size. The requirement for the right mindset is seen as the essential skill for people to successfully form growth teams and deploy growth hacking. The motivation for being driven by growth should come naturally for growth hackers.

Ellis (2010) argues that start-ups often hire the wrong skill set when looking at marketing, they should put more emphasis on hiring people who have the right mindset and, are intuitively driven by driving growth. To summarise the importance of mindset, Troisi et al. (2019) state that growth hacking is a mindset gaining traction in literature as “a new philosophy kind matter” to make better marketing decisions. In essence, growth hacking is more of a mindset than a skill, but that is not enough if the organisational structures do not support the individuals with this mindset.

Mindset is considered key in growth hacking success, or rather, in obtaining the successful people to execute it, but the mindset alone is not enough to make growth hacking a feasible activity for an organisation. It is the culture that will either feed or hinder the success of growth hacking activities.

Ginn (2013) defines culture as “the set of shared attitudes, values, goals, and practices that characterises an institution or organisation or group.”. And as Roschier (2018) finds, the culture of the company dictates how much testing, one of the cornerstones of growth hacking, can be done within any one individual, team or department.

Organisational cultures where risk adversity is high, tend often be less favourable towards growth hacking. Even though the risks associated with testing culture are discussed very little in the literature, Ellis (2014) touches on the topic by stating that large enterprises usually shy

away from try and test-methods of marketing due to the risk (potential loss of revenue, brand risk or loss of time) experiments may have.

To become a world-class master of growth hacking, Agrawal and Chaubey (2019) have developed a model called the GrowthSet to pinpoint the perfect mix of mindset, skills and tools any individual should possess who wishes to succeed in growth hacking. Agrawal and Chaubey's (2019) GrowthSet illustrated in figure 2 is essentially something that growth hackers constantly strive for and adapt to for better results in achieving success.

Holiday (2014) explains how growth hackers stem from programmers or at least how they see themselves and buddy their skills up with data science, design and marketing. It is clear from the literature that growth hackers are people who possess a hybrid mix of skills from a technical and tactical point of view, but who can also think strategically about growth. This mix of skills is well suited for the future as businesses and markets transform rapidly and whereas the tools will vary from role to role, the growth hacking mindset is the advantage that stays (Holiday, 2014).

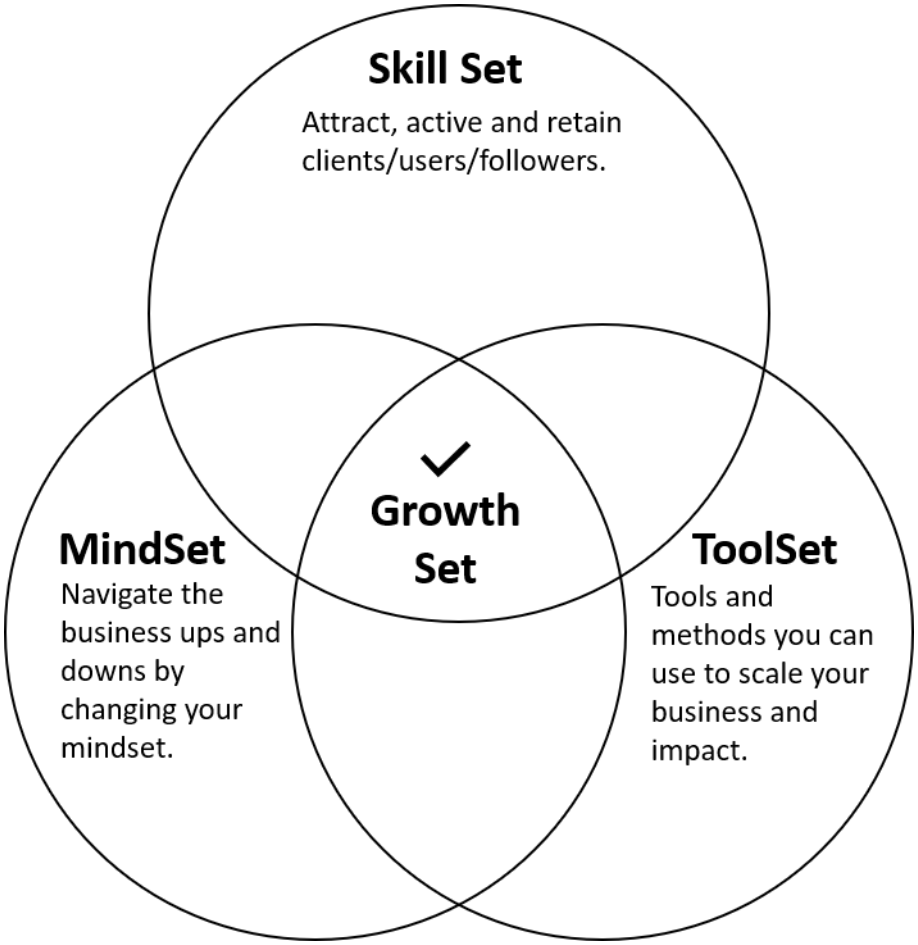

Figure 2: GrowthSet is something growth hackers continuously strive for and adapt to Agrawal and Chaubey (2019, p. xix).

Another framework for growth hacking, demonstrating the skills required from a team of growth hackers is presented by Bohnsack and Liesner, 2019 (figure 3). The growth hacking phenomenon has roots in the digital transformation and adopts some of the principles of lean philosophy (Bohnsack and Liesner, 2019). This is also backed up by the lean start-up method in which Blank (2013) describes how start-ups are geared up towards setting up a temporary organisation to create a scalable business.

Growth hacking happens at the sweet spot of digital marketing, data and testing as well as coding and automation (Bohnsack and Liesner, 2019). Developers of a growth hacking taxonomy (figure 3), Bohnsack and Liesner (2019) also highlight the availability of personnel as a challenge to executing growth hacking. An ideal growth hacking team for Bohnsack and Liesner (2019) consists of specialists of different disciplines which is in line with the view presented in the literature that growth hacking teams are best when multi-disciplinary.

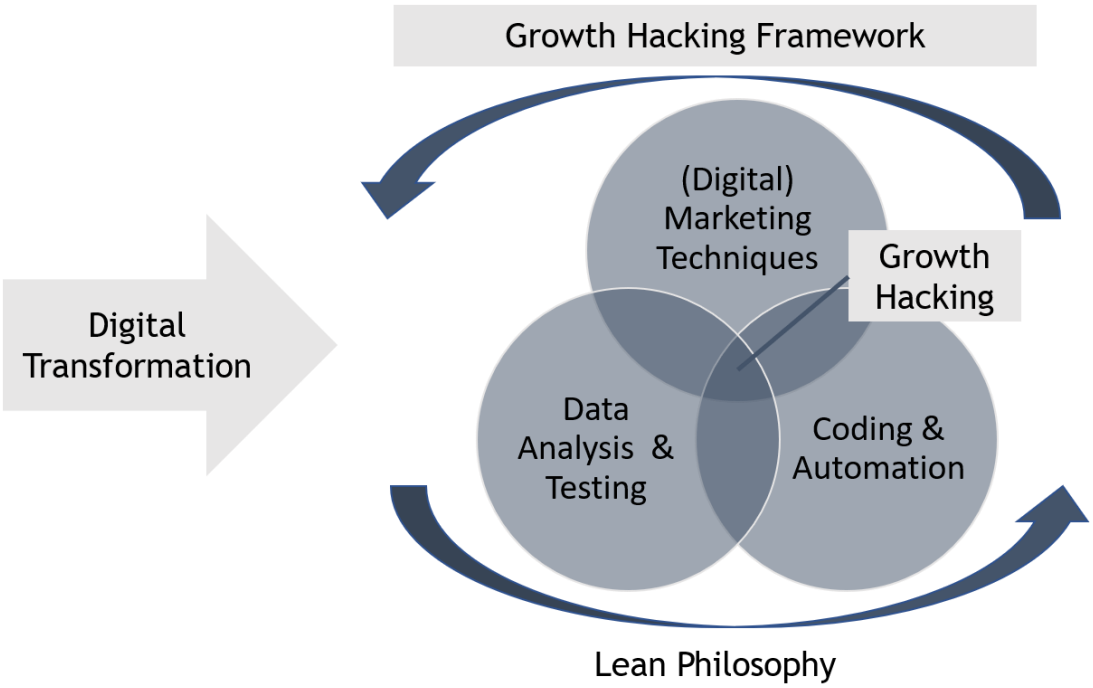

Figure 3: Growth hacking building blocks by Bohnsack and Liesner (2019, p.801).

It is interesting to note that Ginn (2013) proposes that the culture that prospers growth hacking enables growth teams via a focus on metrics, not the method, shared high-performance culture, agile processes, transparency and always delivering user value. These go hand in hand with a culture that prospers trial and testing, paramount in growth hacking (Ellis, 2014).

Kornblum (2016) on the other hand suggests that large organisations must break silos in order to succeed in growth hacking: if marketers and engineers never speak to each other, the

essential information is not being shared. Again, this is in line with Roschier's (2018) findings that silos are the primary reason for growth hacking individuals or teams not to succeed. In the literature, it is much described how large organisations fail to utilise growth hacking due to the way they have been traditionally structured. However, there is something that large organisations can learn from start-ups who have perfected the idea of embedding trial and testing in their culture.

Lean start-up thinking (Blank, 2013) is a concept defined as "a temporary organisation designed to search for a scalable business model". This definition of lean start-up entails the essence of what the culture needs to be should growth hacking wish to be embedded in the organisation. Growth hacking requires a rapid iteration of the product or service offered meaning that different teams need to work very closely with each other (Kornblum, 2016). In addition to multi-disciplinary teams, large enterprises can change their culture towards lean start-up thinking from the planning point of view. In lean start-up thinking the idea is to try and test the products and services without tying the business too much to a formal business plan. A metaphor used by Blank, 2013 describes the weight put on planning in lean start-up thinking by using a Mike Tyson reference: everyone's got a plan until they get a punch in the mouth. In essence, planning is not underestimated, but at the same time, the idea is that to find the best product-market-fit, different variations of the products or services are tested with real customers rather than spend a long time on planning and perfecting them (Blank, 2013).

2.3 Growth Hacking Models for ecommerce

Ellis (2012) writes about growth hacking and how it redefines online marketing and how growth hacking really is about understanding that traditional marketing techniques are usually not all that efficient in driving growth for online businesses. The emphasis here is on the word online business where transactions take place in an online environment in contrast to a traditional money/goods exchange in a physical location.

The first examples of growth hacking are Hotmail with their "P.S: Get Your Free Email at Hotmail" at the bottom of every email they sent (Ellis and Brown, 2017). PayPal created synergy with eBay to demonstrate growth potential and LinkedIn's popularity skyrocketed when they allowed users to upload their Outlook address books to LinkedIn to find new contacts (Ellis and Brown, 2017).

More recent examples include AirBnB's "Get Free Stuff/Referral Program" from which they acquired 40% of their customers at one stage (Schwabel, 2013). Uber beat the taxi market by creating a new market by introducing a new way for people to make money by driving their own cars while giving users an easy method of transportation (Kajabi, 2018).

Growth hacking is best deemed fit for transactions taking place online. In the online business world all transactions are traceable, but not lead to revenue directly (take Hotmail for example who gained users with the growth hacks by offering free email accounts in exchange of people's data who then made money by utilising this as a revenue stream).

Chaffey et al. (2019) explain in their growth hacking framework how to handle the change operating in the environment different from the past (be it physical vs digital or purely digital, but different in its use case. i.e. digitalisation of business. Chaffey et al.'s (2019) growth hacking framework is built around the key concerns of growth hacking: step 1. product-market-fit and step 2. growth hacking.

Inside step 2. growth hacking there are the skills of a team that are needed, channels to test in, data analysis, measurement frameworks and tools to help implement experiments (Chaffey et al., 2019). All these feed into an iterative process of growth hacking and testing, feeding into the knowledge of what works and what not and what to test next.

Chaffey et al. (2019) summarise the idea for growth hacking in digital business as every growth hack being different as if they were all the same, they would not work. Calling the growth hacking as finding the "non-norm" solutions to achieve growth in a short period of time.

Another growth hacking model that fits the ecommerce scope of such tactics and aiming for growth is the AAARR-model. The AAARR model is perhaps more known in the literature and the start-up world as it stems from the start-ups and is kept as the standard framework for achieving growth for start-ups (Chen, 2017).

The AARRR model was developed by an ex PayPal employee, an angel investor and head of 500 Start-ups Dave McClure in 2007 and it follows the idea of a funnel through which users flow and by which you can achieve growth (Chen. 2017). The synonym AARRR stands for acquisition, activation, retention, referral, revenue (Chen, 2017). The model describes the five areas a business should focus on to drive revenue throughout the customer lifecycle that are all discussed in more detail below.

Acquisition

Chaubey (2019) defines acquisition as generating awareness and driving targeted traffic to the business' website. Acquisition is key to any company, but the idea in growth hacking is to ensure a company does not pay more for the users than it gains from them (Ellis and Brown, 2017).

The growth hacking process is designed to discover the most cost-effective method to acquire new customers and as there is no pre-set formula, each business needs to understand their

expense-to-payoff ratio and then optimise their efforts to drive growth (Ellis and Brown, 2017). Acquisition thus stands as hugely important, but it is important not to miss the point by pouring in cash without understanding how much money those customers are bringing back to the business. Acquisition channels are the ones to start with to understand which marketing is working for a business (Broos, 2016).

The tactics discussed in the literature in the acquisition stage are focused on gaining visitors to your business's site or store. Inbound pull tactics include blogging, Search Engine Optimisation, social media among others (Chaubey, 2019). From outbound push tactics Search Engine Marketing and affiliations are mentioned (Chaubey, 2019).

Ellis and Brown, 2017 talk about three categories of channels; viral/word of mouth, organic and paid to drive growth. Ellis and Brown (2017) continue to discuss how both language/market fit (how do you talk about your business) and channel/product fit (how effective marketing channels are in acquiring customers) should be the focus in scaling up the customer acquisition. In order to push users through the AARRR model, the growth hacking teams must shift their focus down the funnel periodically (Ellis and Brown, 2017). The next chapter will discuss the next step, activating those users acquired.

Activation

Activation is defined by Chaubey (2019) as turning the targeted, casual, visitors into users. However, this may pose as a difficult step as up to 98% of traffic to websites never convert and with mobile apps, only20% of users keep using the app for more than three days (Ellis and Brown, 2017). The key is to make users experience the product/service and create that ”wow” effect and for finding out what activates users best, there are three steps a growth hacking team can take (Ellis and Brown, 2017).

The first step is to map the customer journey to the “wow” moment, the second is to list all the steps that a user has to take to get this experience, and the last is to understand how many users are actually converting and taking all the steps to become the users or customers of your business (Ellis and Brown, 2017).

The reasons for people dropping off can be various, but poor onboarding, no beginner walkthrough, a complex user interface are all possible reasons for friction in the journey (Broos, 2016). Ellis and Brown, 2017 present a concept of a funnel report for understanding where conversions drop. It is important to note that the steps in the customer journey should all be included as well as where the traffic came from so that growth teams can better understand what is working, or not working, and start optimising this part of the journey (Ellis and Brown, 2017).

Retention

The retention step can be described as making users come back and keep them for the long term (Chaubey, 2019). The rate of losing new users of a business is called churn (Ellis and Brown, 2017) and the retention step is designed to tackle just that, reducing churn and ensuring that the users or customers stay and keep coming back.

Broos (2016) points out that the measurement of retention is relative to the business, some require a daily return, some monthly and yet the user or customer can be considered as a returning one. Strong profitability is built on retention usually (Ellis and Brown, 2017) making this step crucial in scaling a business. Put it in another way, the cost of acquisition is directly linked to the cost of losing a customer: the more it costs to acquire a new customer, the more costly it becomes to lose one as the business will essentially have to double their spend to keep their user base (Ellis and Brown, 2017).\

The compounding nature of retention is highlighted by Ellis and Brown (2017) when they state that Amazon's Prime customers buy more than twice as much as non-Prime members making it essential to aim for retaining customers instead of having to spend on acquiring new ones, although this should step should not be abandoned.

The Hook Model (Eyal, 2014) or engagement loop (Ellis and Brown, 2017) fits the retention well by describing the tactics used in the activation stage e.g. notifications, emails and in-app prompts come into play to aid habit creation in users or customers. This creates a hook or loops for customers coming back. The idea for growth hacking teams is to optimise the amount and style of these tactics for users or customers to start building a habit out of using a business's product or service (Ellis and Brown, 2017).

Referral

The referral step can be defined as users recommending your product to others (Chaubey, 2019). This can be broken down to two different metrics: how many viewers did the website get and how many new users did they get (Broos, 2016). Referral has a high Return on Investment as it can be very low cost for the business yet carry a huge value in the trust it creates when another user recommends the product/service (Broos, 2016).

The referral is often transactional in nature, offering something extra for the original user. Dropbox, for example, offered free extra space for anyone recommending Dropbox to their friends (Ellis and Brown, 2017). Another example of transactional referral would be a discount code, but Ellis and Brown point out importantly that with monetary discounts can be problematic as it is very easy to calculate the value in relation to what they are being asked to do for it (give a friend's personal details such as an email address for example) whereas something

less intangible to users such as extra space is less easy to evaluate and thus more enticing to act upon.

Revenue

Revenue is the end game for any business and the last step is focused on the idea of acquiring more revenue from each customer over time, also known as Customer Lifetime Value (CLV) (Ellis and Brown, 2017). The essential learning in this step is to ensure that the CLV is higher than the Customer Acquisition Cost (Chen, 2017). The Customer Acquisition Cost (CAC) is what is spent on sales, marketing, and other activities to get that customer.

Chen (2017) suggests that funnel, pricing and engagement optimisation should be focused on to improve the CLV: CAC ratio. Ellis and Brown (2017) suggest mapping the monetisation funnel which starts by mapping the customer journey and highlighting all the opportunities in the journey for earning revenue as well as identifying the potential barriers to generating revenue.

The AARRR model offers a very tangible manner in executing growth hacking by presenting the core areas growth teams should focus. But the AARRR is not the only model to follow, the next chapter will discuss an alternative, or addition, to the AARRR model focusing on the Customer Lifetime Value.

Customer Lifetime Value Focused Channel Strategy

It is clear from the literature that Customer Lifetime Value (CLV) is a metric that is important for growth hackers. Part of the AARRR model, it can also be used to direct the channel strategy adopted by an online business. Eurén (2019) presents his tree step CLV focused channel strategy to highlight that it is not enough to focus on one group of customers and that the rule of investing in highest return customers rule should not be followed rigorously. It is the payback time that is important as there usually are not all that many highest value customers to justify forgetting about the lesser value ones (Eurén, 2019). Eurén, 2019, presents that high mid and low-value customers should have a perceived future value to draw a picture of the role of different channels in ecommerce.

The first step is to know who the high-value customers are, the second is to look at the different channels and what value customers they attract. Eurén's, 2019, notion on this is backed up by Ellis and Brown's, 2017 notion on the mapping the monetisation funnel at the revenue stage of the AARRR model.

It is important to serve different (in value) customers in different channels and touchpoints (Eurén, 2019). When it comes to ecommerce, the key is to optimise the channel strategy

based on future high-value customers, not just focus on the existing high-value customers (Eurén, 2019).

Growth hacking taxonomy

Bohnsack and Liesner (2019) have created a taxonomy for the most common growth hacks. Bohnsack and Liesner (2019) researched the most common hacks and validated these using online resources and expert advice using the Delphi sorting method to create a growth hacking taxonomy (figure 4).

The taxonomy is meant to be used by selecting patterns of the taxonomy by lifecycle stage (also following the AARRR model) for managers to implement growth hacking hacks or tactics. The number of patterns selected should be selective to ensure that the measurement is effective (Bohnsack and Liesner, 2019).

In short, one should not select all but the ones that fit the objective. The patterns can also be combined to form the desired goal. The taxonomy helps decision making and ensures that a growth strategy is on the right track throughout the customer lifecycle (Bohnsack and Liesner, 2019).

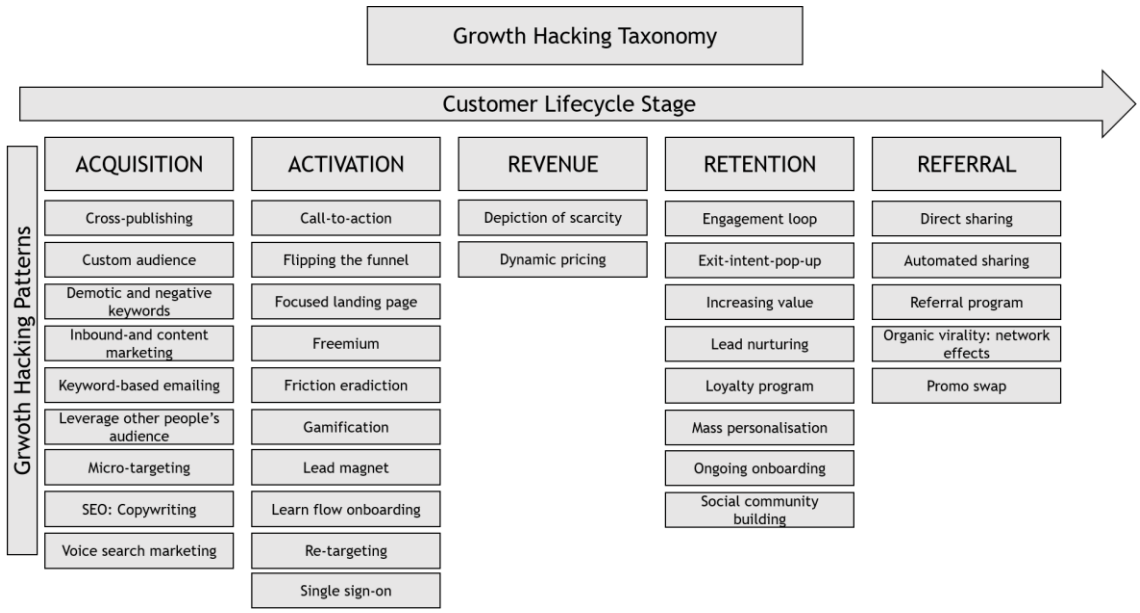

Figure 4: The growth hacking taxonomy by Bohnsack and Liesner (2019, p.803).

3 Service Design as a Research Approach

In this chapter, the research design for the development work of this thesis is presented. The focus of this thesis was to understand how growth hacking can be adopted by large

enterprises for ecommerce and what are the required skills or aptitudes of such growth teams. As such, it was important to choose a design process for the research that would support both empathising with the members of the organisation as well as generate qualitative data that could be used for growth hacking experiments in an organisation.

Through these experiments, it was also possible to discover the hidden wishes and desires for the skills growth hacking teams would need to implement such experiments. This, in turn, helped to arrive at the skills and competencies needed in growth teams.

Most qualitative research studies are aiming to develop or verify sociological theory (Taylor, 1984). However, in marketing, research is often quantitative and limited to statistical results without a wider interpretation of the meaning of the data (Gummesson, 2005). As the data gathered through using service design as a research approach contained rich descriptive data in the form of words and observed activities, it was deemed fitting to use qualitative research methods for the data collection and analysis of data.

Grounded theory developed by Glaser and Strauss' in 1967 proposes that qualitative researchers should only focus on the development of theory and concepts (Taylor, 1984).

Grounded Theory is based on the notion of discovering concepts directly from the data instead of using other research or existing theoretical frameworks (Taylor, 1984). In contrast to analytic induction, which is a process for verifying theories based on qualitative data, grounded theory does not seek to prove theories rather than prove reliable support for them (Taylor, 1984).

This other approach, analytic induction is often presented as the opposite of forming grounded theory (Taylor, 1984). In reality, qualitative research studies often mix both methods. As relatively little exists in the literature about growth hacking and as the research questions were around the skills needed and how to increase adoption (forming new concepts rather than verifying existing theory), the data analysis of this thesis loosely follows the elements of developing grounded theory by using:

- Constant comparative method where the data was simultaneously coded and analysed to develop concepts for the skills required in a growth hacking team and what is needed for a large organisation to adopt such a mindset.
- Theoretical sampling where new cases (interviews) were chosen based on the results from them to expand and refine the concepts (the skills required in a team) that were discovered in the workshops. For this reason, the workshops were organised first and the interviews came after.

3.1 Service Design Research Methods

In service design, research is used to understand people. This type of research gives the design team the ability to empathise with the people they are designing the solutions and a genuine understanding of their wants, goals and beliefs (Stickdorn, Lawrence et al. 2018). This genuine understanding gathered from the people allows the team to work from the users' point of view.

Service Design research can be either exploratory or confirmatory. Exploratory research is aimed at learning more about a topic without assumptions formulated prior to the research and aims to answer "why" without a hypothesis what may be the cause (Stickdorn, Lawrence et al. 2018). Confirmatory research, on the other hand, is intended to measure hypothesis or assumptions that have been created before the start of the research to find out whether the research supports this hypothesis (Stickdorn, Lawrence et al. 2018).

As growth hacking is a fairly new phenomenon with relatively little existing in the literature, for the empirical part of this thesis the exploratory research scope was used. It allowed better studying the phenomena of growth hacking at an enterprise-level as well as gaining insight into what does it actually mean and what kind of teams and skills are needed for growth hacking teams to succeed. In addition, elements of human-centred design were present in this thesis.

Elements of human-centred design were followed as the growth hacking experiments were designed with the "users" or people doing or benefitting from them. It was important as the phenomenon is new and the people in the organisation are key in making growth hacking happen. Focusing on interacting with users from the start of the design process, human-centred design literally revolves around the idea of developing a solution with users and iterating it in the process (Mattelmäki, 2006). This type of design process is also recognised as ISO 9241-210 standard, the "Human-centred design for interactive systems" (International Organization for Standardization, 2010) which is illustrated in figure 5.

In human-centred design, the users are always present. In the beginning, users are included for learning and understanding of the problem at hand, then they are included for making sense of what was learnt in the first phase and for prototyping and iteration. Then, in the implementation phase, the idea should work as the target people have been kept involved in the process throughout (Design Kit, 2019).

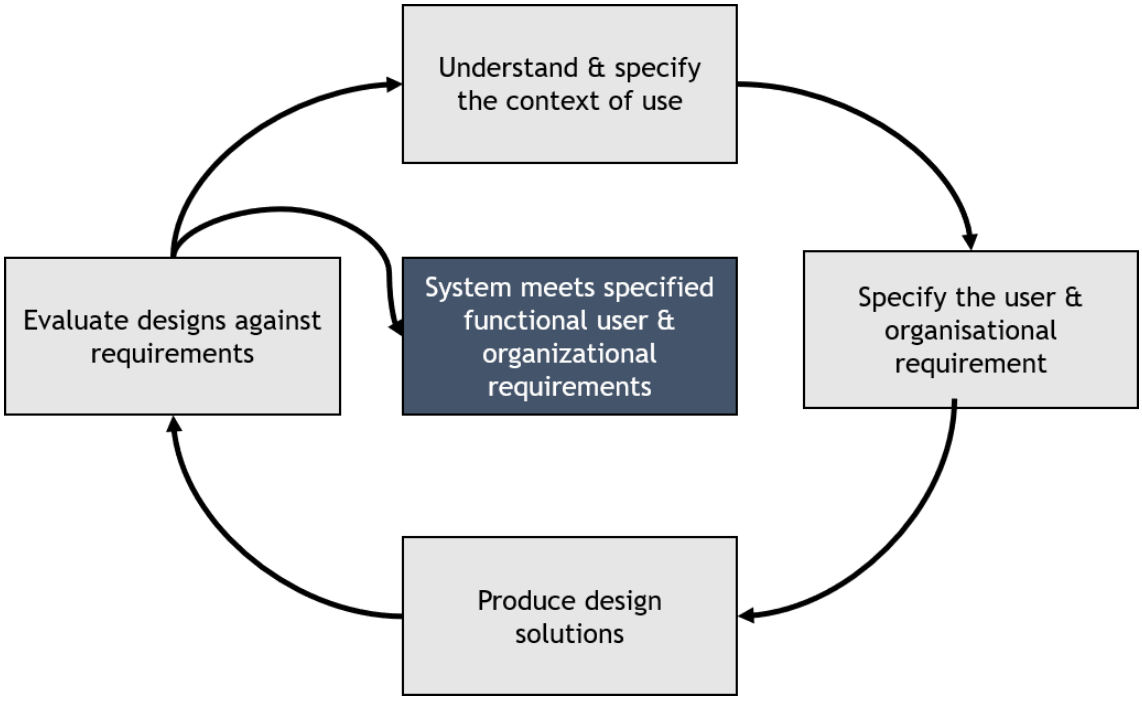

Figure 5: The Human-Centred design process illustrated (Mattelmäki, 2006, p. 29).

A service design approach is an iterative research method enabling gathering feedback and shaping the scope along the way to ensure the research is answering the right question at the time. This means that the questions asked could change and reflect the learnings from previous parts of this thesis research. Hence, the design process in this thesis follows the Double Diamond model. Developed by the Design Council (2014), the Double Diamond model is designed to address activities common to all designers in the design process.

The focus of the model is in two diamonds which contain four different phases for designing services. These phases are Discover, Define, Develop and Deliver. The Double Diamond emphasises the importance of discovery (idea creation and widening) and development (evaluating the ideas) in the design process. This is illustrated by the two diamonds both having a convergent and a divergent mode of thinking. The different stages in the Double Diamond utilise human-centred design elements such as ideating a solution together and these were also applied in this thesis.

3.2 The application of the Double Diamond model

As the iterative nature of this thesis research, the Double Diamond model was chosen to allow for the change of scope throughout the research. Being iterative is also highlighted by Stickdorn, Lawrence et al. (2018) with their notion that fruitful design usually starts with a wide focus aiming to narrow it down as soon as possible, calling these phases loops. Through these

loops, the design team becomes more confident in knowing that the research is answering the right questions (Stickdorn, Lawrence et al. 2018).

The application of the Double Diamond model as a design process in this thesis is explained below and illustrated in figure 6.

Discover: Understand the problem, the context and operating environment of growth hacking in large organisations → Desk research was used to learn more about the maturity of growth hacking and the needs and context were discovered. In addition, observation was used at two growth hacking seminars in Finland which were attended to understand the phenomenon

Define: The insight from the desk research was used to formulate the interview field guide. Two in-depth interviews with the members of a large organisation where some teams use growth hacking to grow their online business were analysed to form an understanding of what skills a growth hacking team in a large enterprise should have → the interviews were transcribed, coded and categorised and thematic analysis was used to understand the nuances of the operating environment

Develop: Gathering of different answers (what should be experimented to increase ecommerce traffic, conversion rate and average order value) to seek inspiration and co-designing with a range of people → 2 workshops (n=5 and n=4) were run with the target of producing as many ideas for growth hacking experiments as possible, the ideas were categorised based on the skills the execution of the experiments would require

Deliver: Testing out the findings of the idea stage (which were analysed to understand the skills required from a growth hacking team) by forming teams and monitoring their performance in executing growth hacking. However, this phase was out of scope for the thesis work.

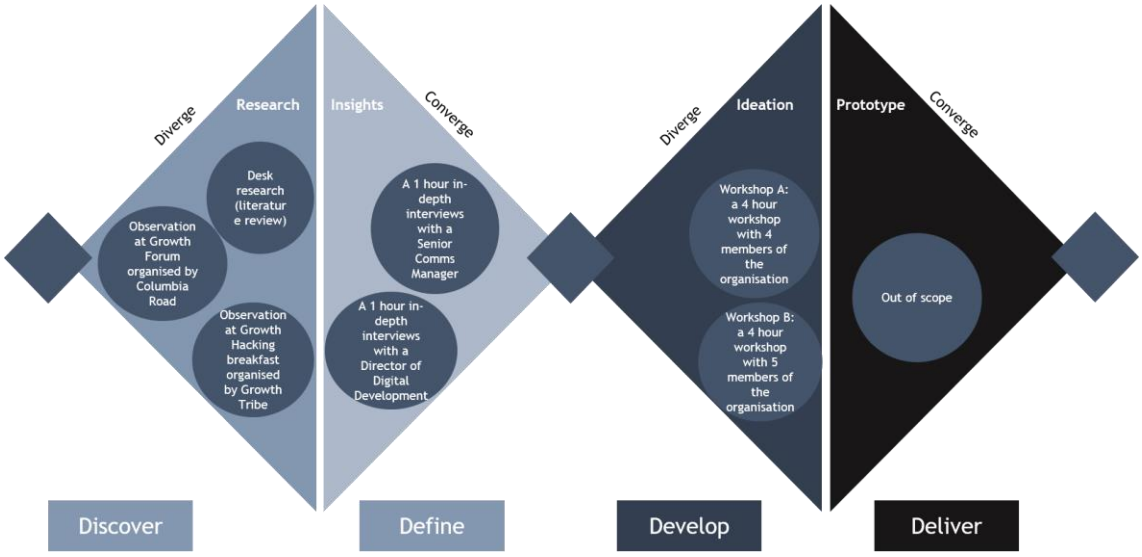

Figure 6: The Double Diamond design process used in this thesis illustrated, adapted from Design Council (2014).

Triangulation and Data Collection

There are a variety of data collection methods available for service design researchers. Because all the research methods are subject to drawbacks (interview bias, subjective interpretation of observation to name a few) it is important to triangulate the methods to form as good of an understanding of the problem as possible. Service design researchers can make their research more accurate and richer by using different methods of data collection to study the same phenomenon (Stickdorn, Lawrence et al. 2018).

Interviews and focus groups (in this thesis focus groups were more in the form of workshops but offered the same benefits of exploring concepts in a group of people) are well suited for discovering the matter from the participant's viewpoint (Bryman and Bell, 2003). Triangulation of data collection methods was used in this thesis to give a richer understanding of how to organise growth hacking teams in a large organisation and reduce the researcher bias.

Design Process Phase	Data Collection Method	Purpose and Outcome
Discover	Desk research, observation at two growth hacking seminars in Finland	Understand the problem, context and operating environment of growth hacking in large organisations, outcome what to find out in the interviews
Define	In-depth interviews with two members of the organisation	Interview transcripts for analysing. The insight from the interviews was analysed to better understand the skills a growth hacking team in a large enterprise should have
Develop	Two four-hour workshops (n=5, n=4) were run with the target of producing as many ideas for growth hacking experiments as possible	Gathering of different answers (what should be experimented to increase ecommerce traffic, conversion rate and average order value) to seek inspiration and co-designing with a range of people
Deliver	Out of the scope of the thesis	

Table 1: Methods used in the design process.

Discover phase: gaining a better understanding of the phenomenon and the operational environment of growth hacking in enterprises

Desk research should be the starting point of any research as it enables the research to understand what is known about the matter already and what should be the focus and questions of other methods of data collection (Stickdorn, Lawrence et al. 2018). The desk research was conducted to better understand the phenomenon of growth hacking globally and locally.

A big role in the desk research was in the literature of the phenomenon as it is fairly new and relatively little existed, especially in the context of large enterprises. The most notable literature was reviewed as well as growth hacking training materials aimed at large organisations were studied and analysed.

The observation took place at two different growth hacking seminars. The target of the observation were the seminar lecturers, the audience and the questions they presented. The two seminars were:

- Growth Forum organised by Columbia Road, Helsinki, Finland on 17 May 2019 with keynotes from Sean Ellis – Founder on the growth hacking methodology and Growth Hacking Success, Tiina Alahuhta-Kasko, CEO, Kari Härkönen, CDO – Marimekko on eCommerce as a Driver for Global Growth, Sampo Hämäläinen, Lauri Eloranta – Columbia Road on Sales Transformation and Value Hacking and a Panel Discussion with Matti Liski, Head of Online Sales – Elisa, Heikki Tiittanen – Reima and Veera Siivonen - Helsingin Sanomat

- Growth Hacking breakfast seminar at Epicenter, Helsinki, Finland on 29 August 2019 organised by Growth Tribe with the CEO Anssi Rantanen as a speaker

The desk research findings and observation notes and analysis were used to draw up a field guide for the in-depth interviews. It was apparent at the seminars that there was a need for widening the understanding and adoption of growth hacking at large enterprises as a method for driving growth.

The observation findings were that people were in general interested in the tactical side of growth hacking and what experiments or experiments organisations could execute with their existing teams. From the desk research, a prominent topic emerged as what kind of skills growth hacking teams should possess. Both angles married up well to form areas of study for the interviews i.e. what is currently being done in terms of growth hacking, what should be done and by whom.

<u>Define phase: gaining insight into the view of members of the organisation into growth hacking, how it should be organised and what does it mean for their business</u>

Interviews were used in the research to allow defining the problem more and narrowing down the focus to ensure whether this research was answering an actual problem. The in-depth interviews allow for exploring the interviewee's own point of view in their own words and understand their opinions on a particular topic (Daymon and Holloway, 2002). It was important to gain a deeper understanding of the way the members of the organisation view growth hacking and what is required from their point of view for it to be adopted successfully in a large enterprise.

Two in-depth interviews were conducted with members of a large organisation who have a large digital presence and should have ecommerce. The interviewees were chosen for their roles and experiences within the said organisation. The interviews lasted for 60 minutes each. Portigal (2013) recommends not to rely upon your memory and to record exactly what was said.

Following this, the interviews were documented by recording and taking notes. In addition, the interview questions were carefully formulated to lead to the answers that served the development of the theory (Strauss and Corbin, 1998). Sensitising questions were used in the beginning to understand what the meaning of growth hacking was to the interviewees. Theoretical questions were used to understand growth hacking and its implications for the organisation. Guiding questions were used to move the discussion in the direction of finding the skills and adoption of growth hacking. These were more generic to start with and became more narrowed towards the end of the interviews.

Ideally, the sampling would have followed a simple random sampling (Stickdorn, Lawrence et al. 2018) where participants were randomly picked from a sampling frame that consisted of managers, directors and coordinators working in digital marketing functions at the organisation of this research.

However, the practicalities meant that the availability of interviewees played a big role and hence, the two interviewees were contacted and chosen for the interviews. A field guide was prepared for the interviews (Appendix 1). The participants were told about the topics of the interviews beforehand so that they could prepare themselves as well as to obtain consent for the use of the data in this thesis. The details of the interviews are described in table 2.

Interviewee Role in The Organisation	Length of The Interview	Timeline
Director, Digital Development	1 hour	4 March 2020
Manager, Communications	1 hour	4 March 2020

Table 2: Interviews were conducted to gain deeper insight into the understanding and future desires of growth hacking.

Develop phase: workshops with a group of people who do growth hacking and a group who do not to gain a rich understanding of the meaning of growth hacking and what kind of experiments should be executed within it to grow ecommerce.

Portigal (2013) states that when choosing the participants for a study the researcher should widen the participant pool to people who are not actually your customers, or potential ones. For this reason, the two workshops with different profile participants were conducted to generate as many ideas as possible for growth hacking experiments.

The content of these ideas was used in the analysis to answer the question of what kind of skills do growth hacking teams need to possess to succeed. In addition, the ideas from these workshops work as direct tactical ideas for the growth hacking team at the organisation to execute their initiatives. These formed the basis for the growth hacking taxonomy developed in this thesis.

The sampling happened so that the workshop A was run with people in the organisation who conduct growth hacking for ecommerce and workshop B with people in the organisation who deal with digital development and business development but do not directly work in a growth hacking team.

The frame for the workshops was to ideate within the scope of ecommerce how to increase sessions, conversion rate and average order for both B2C customers. Two four-hour workshops were run in the organisation. No other restrictions (apart from the scope for the ideas) was set as the ideation wanted to be flowing freely.

As growth hacking is digital by nature and all growth hacking tools are in a digital format, Post-It notes were not deemed convenient for the workshop. All participants were comfortable working with their laptops and mobiles, and they were asked to just show up but bring one of the devices with them. Mentimeter, a tool for collecting ideas digitally was used and the researcher facilitated the workshop by ensuring everyone had a chance to respond and submit their ideas as well as probed for more ideas as ideas were presented to all participants on a large screen. Agendas for both workshops can be found in Appendices 4 and 5.

In the workshop A all participants were known to each other and had ideated together many times before this workshop. Hence, the researcher decided that sufficient warm-up would be a nice meeting room, which was chosen outside the regular working area but still on-site, refreshments and outlining the objective of the workshop.

The workshop started in the morning to minimise any other, daily, operation work pressing at the back of the heads of the participants. The workshop consisted of three questions with different facilitation approaches the aim of generating as many ideas as possible for growth hacking the online store. All participants answered the questions individually followed by a discussion.

- **Ideation in silence:** Question 1 “How could we increase the sessions to the online store using growth hacking?” was asked and participants were asked to ideate in silence. A lot of ideas were quickly generated, and open discussion followed which resulted in more ideas.

- **Brainwriting:** Question 2 “How could we increase the conversion rate of the online store?” adopted elements of brain-writing as the answering was rather slow so participants elaborated on the ideas that were presented first to generate more detailed or sophisticated versions of the ideas

- **Ideation in silence:** For the last question, question 3 “How could we increase the average order value in the online store?” ideation in silence was used again as it provided more time and room for thinking and a number of ideas were generated which were elaborated during the group discussion.

The workshop B was run after the workshop A. The workshop was organised with participants who do not recognise themselves as growth hackers or actively do growth hacking in their daily roles but work within digital marketing. The second workshop followed the same agenda, but the methods were different. As the participants were not known to each other, it was deemed suitable to have more introductions and group tasks to get the conversation flowing.

The same questions were presented as in workshop A, but the answering to these was prompted with tasks which started by dividing the five participants into two different groups that stayed the same throughout the workshop. Again, the workshop consisted of three questions with the aim of generating as many ideas as possible with different facilitation methods to ensure each participant contributed as well as possible:

- **10+10:** Question 1 “How could we increase the sessions to the online store using growth hacking?” In this task, the five participants were divided into two groups for ideation and given 15 minutes to come up with 10 ideas for this. The idea was that after discussion, the groups would have chosen 1 of those ideas and developed 10 ideas more, but the group was so actively discussing that the group discussion after the initial 10 ideas resulted in 18 more ideas so it was decided that the groups moved onto the next question.

- **8 ideas in 8 minutes:** Question 2 “How could we increase the conversion rate of the online store?” was answered by the same groups in silence but in a way that the groups had 8 minutes and they had to come up with 8 ideas. It was visible that the optimisation of conversation was more difficult, or it was harder to generate ideas for this, but the time pressure helped in generating also “gut-feeling” based ideas. All the ideas from others were visible throughout responding which helped to triangulate and generate further ideas. After this, the ideas were discussed and several other ideas were presented based on other people’s comments.

- **8 ideas in 8 minutes:** The last question on the B2C side "How could we increase the average order value in the online store?" was answered using the 8+8 method and a discussion following the question. This prompted a lot of active discussions and several ideas were presented both in silent ideation and throughout the mutual discussion.

The workshops details are described in table 3. Interestingly, the number of ideas follows Bohnsack and Liesener's (2019) growth hacking taxonomy in the sense that the number of ideas for different stages of the customer lifecycle is in line with the number of patters for each lifecycle stage presented in their taxonomy.

	Participant Roles in The Organisation	**Time and Length of The Workshop**	**Number of Customer Lifecycle Stage for Ideas**
Workshop A	Marketing coordinator	15 January 2020 10.00am – 3.00 pm	72 in total -26 for acquisition -28 for activation -10 for revenue -5 for retention -3 for referral
	Content planner		
	Digital director		
	Ecommerce manager		
Workshop B	Digital marketing project manager	12 February 2020 10.00am – 2.00 pm	
	Controller		
	Business development manager		
	Digital marketing manager		
	Digital development manager		

Table 3: Workshops with two different participant groups to generate as many and versatile ideas possible for analysing the skills needed in growth hacking teams.

4 Results and Analysis

The aim of this thesis was to understand how growth hacking can be executed in a large enterprise in the context of ecommerce and what are the required skills in such growth teams. The following section focuses on the results from the research through analysis of observation, interviews and workshops.

The theory of this thesis relies on much of what Ellis (2012) discusses about growth hacking and how it is well suited for doing business online. Chen's (2012) view on finding the product-market-fit before launch and Holiday's (2013) notion of growth hacking being something that cannot be done in silos are also forming the theoretical base for the analysis.

Agrawal and Chaubey's (2019) idea of GrowthSet worked as a basis for understanding the dynamics in growth teams and what are the skills, tools and mindset the teams should have. Lastly, Bohnsack and Liesner's (2019) growth hacking taxonomy is used extensively to guide the analysis of this thesis as it set the scene for the need to think about growth through the customer lifecycle stages as well as through the practical, tactical, experiments that any company can adopt to start growth hacking.

As the taxonomy by Bohnsack and Liesner's (2019) has played a large role in this thesis, the results are also looked through the glass of consumer lifecycle stages as well as through what are the matters that can impact consumer behaviour at any given stage. This also guided the data collection part. Especially the analysis went hand in hand with the data collection as the questions used to collect data, most notably in the workshops, were formed to answer the research questions through the lenses of consumer lifecycle stage.

4.1 Working with Data: Collection and Analysis Process

The nature of qualitative research means that the analysis on-going where the data collection and analysis go hand in hand (Taylor, 1984). In this thesis, the interviews were booked only after running the two workshops to ensure the interviewee profile would be suitable for expanding or narrowing the phenomenon and to validate the previous findings.

The aim of the data collection and discovering insights was to ground the findings from the data. The focus was not only strictly on developing concepts or theories as the grounded theory approach suggests, but also on understanding the setting of growth hacking in the context of ecommerce in a large organisation. The process for data analysis was derived from Taylor (1984) where there are three distinct phases:

1. Discovery phase for identifying themes and developing concepts and propositions which is an ongoing process before the data collection phase. In this thesis, this phase was executed using a service design approach and discussed later in this chapter. The literature review presented earlier in this thesis also served as a method for the discovery phase as the theoretical frameworks there provide meaningful insight into the interpretation of the findings.

2. Coding which occurs after the data has been collected and helps to refine the understanding of the matter. Coding was used as it offered a systematic way of developing

and refining the interpretations from the data (Taylor, 1984). The coding process included developing coding categories based on findings from initial analysis, coding the data, sorting the data into coding categories, seeing which ones were left out and refining the analysis. Figure 7 illustrates the coding flow and process that was followed in this thesis.

3. Discount the researcher's findings to understand the data in the context in which they were collected. This was done to reduce the researcher bias and influence of pre-existing assumptions on the topic. In practice, this meant that the final data analysis was put under self-reflection to discount any potential bias influenced findings.

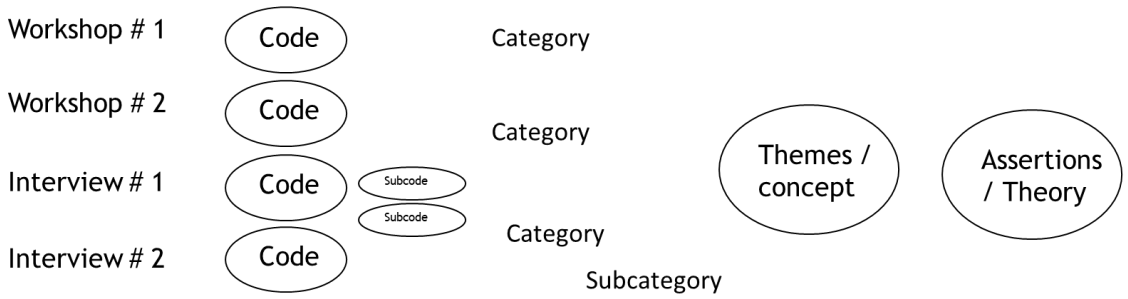

Figure 7: Code-to-theory model used in this thesis, adapted from Saldana (2016, p. 14).

The coding was based on Saldana's (2016) model as described in the research design part. Below is a table that illustrates the codes used, the categories and themes derived and how they finally arrived at the growth hacking taxonomy by Bohnsack and Liesner (2019). Their growth hacking taxonomy seemed fitting as the end goal of the analysis as it provides the customer lifecycle stages for the different growth hack experiments as well as formed the based for analysing the skills required in conducting such experiments. The coding process with categories and themes is illustrated in figure 8.

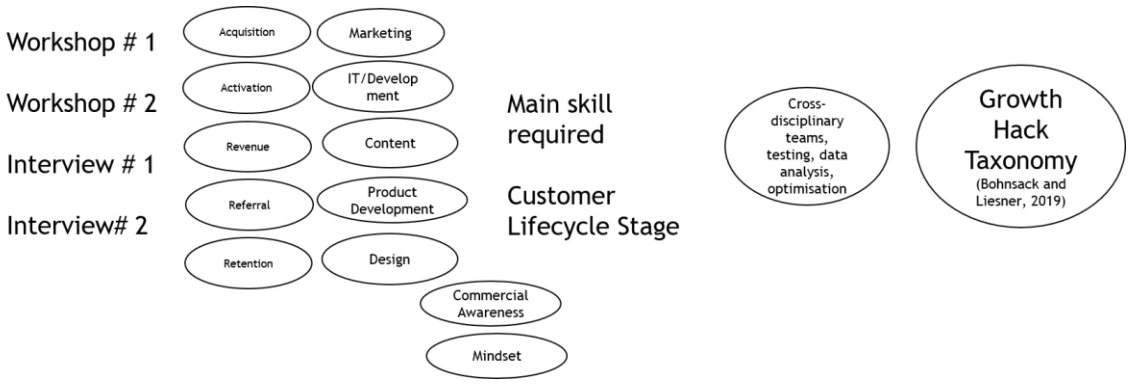

Figure 8: Saldana's (2016, p.14) code to theory model in practice in this thesis.

The interview and workshop results were coded and from there, themes were formed to understand the main skills required and where the growth hacking experiments set at the customer lifecycle stage to arrive at the conclusion and taxonomy. Below is a sample of the coding process. It shows how the experiments ideated in the workshop (which represents the data collected in this thesis) were coded to answer the research questions of this thesis.

The creation of taxonomy was not in the original scope of this thesis, but it was deemed fitting after coding the workshop results. The taxonomy developed in this thesis (called Rowlinson taxonomy in the coding process table) was drawn from the experiments and each tactic was placed under the customer lifecycle stage as in Bohnsack and Liesner's (2019) taxonomy.

Finding out what skills were required from a successful growth team was derived from the workshop data in such a manner that each experiment was coded based on the main skill its execution required. The emphasis here is on the word main as a growth team really is a team with different competencies, but each member should be a specialist in some area. This analysis was then combined with the findings from the interviews, especially looking at the semantics of interviewees direct quotes (interview notes are available in appendix 3).

Growth Hacking Experiment from The Workshop	Rowlinson Taxonomy (Category)	Main Skill Required (Subcategory)	Bohnsack and Liesner (2019) Taxonomy (Acquisition, Activation, Revenue, Retention, Referral) (Category)
Blog articles	Content	Content	Acquisition
Paid: add new channels (programmatic)	Paid: programmatic	Marketing	Acquisition
Reduce clicks to purchase	Optimise UI: reduce clicks to purchase	IT/development	Activation
Create urgency: show stock for fast-moving products	Create urgency: show stock levels	IT/development	Activation
Improve search	Improve site search with predictive results	IT/development	Activation
Referral programme for customers who order a newsletter	Referral-programme with benefits	Marketing	Referral
Volume discounts for larger purchases - bulk buy more for cheaper	Discounts based on CLV	Marketing	Retention
You are this close to getting free shipping	Free shipping calculator	IT/development	Revenue
Subscription model	Subscription model	Marketing	Revenue

Table 4: A sample of the codes used in the analysis.

4.2 How Growth Hacking Can Be Applied to ecommerce in Enterprises?

Growth hacking was found to be it being continuous, utilising testing and the data from it and being very concrete actions instead of long-term strategic planning. One interviewee described the meaning of growth hacking to them as:

> *"Growth hacking requires a goal. It is based on facts and is data-driven. Growth hacking is important as it allows for prioritisation based on commercial and measurable gains."* (Director, Digital Development)

Another interviewee made very similar comments on the meaning by saying:

> *"Growth hacking should be part of daily operations. It is a way of thinking which should be based on A/B testing and concrete actions rather than visualising strategies but not adding concrete actions next to them. It answers the question of what is the correct way of operating and increases learnings from what has been done."* (Manager, Communicatons)

The idea that growth hacking is continuous, very concrete and is based on testing was also visible in the workshops. The participants had no issues coming up with ideas (with 72 ideas gathered throughout the two workshops) for growth hacking and many of them were continuous by their nature; they do not have a clear beginning and the end but rather are something that can be improved upon.

This means that to apply growth teams, or growth hacking, in an enterprise the teams need to be free to operate in the manner growth hacking requires. Growth should be driving all operations and it is something that needs to be done daily and not in isolation. It is also evident that above all, the mindset is what makes a growth team successful.

At an enterprise, growth teams should be guided by strategy (or at least work within it) but they should not be limited in their freedom to conduct experiments and seek growth. As Martela (2019) discusses, mindset is the most important matter of a growth hacker and it is no different for applying growth hacking in an enterprise.

In reference to Bohnsack and Liesner's (2019) taxonomy, the ideas from the workshops were grouped into tactics under the customer lifecycle categories. From this, a taxonomy of growth hacks for ecommerce was formed, as seen in figure 9. The taxonomy illustrates the tactics an enterprise can adopt when looking to apply growth hacking for their ecommerce. Some of the tactics are very similar to Bohnsack and Liesner's (2019) findings, but the ones that stand out, e.g. free next day delivery for subscribed customers and a subscription model are perhaps more specific to ecommerce than digital product-marketing in general. As Bohnsack and Liesner (2019) state, a growth hacking taxonomy helps decision making and ensures that a growth strategy is on the right track throughout the customer lifecycle.

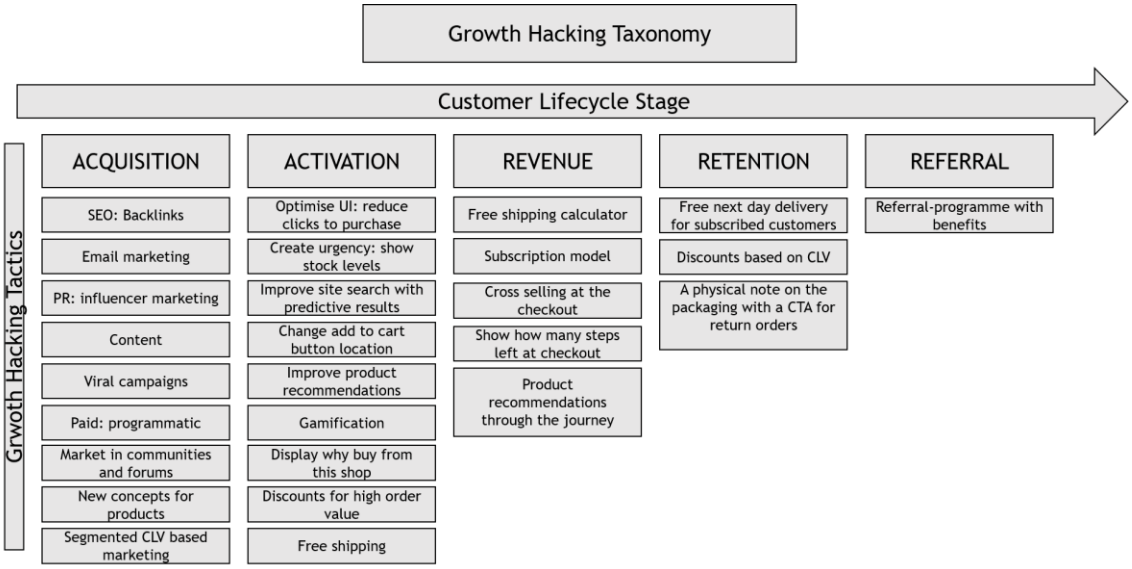

Figure 9: Growth hacking taxonomy for ecommerce based on the findings of this thesis. This has been adapted from Bohnsack and Liesner's (2019, p.803) growth hacking taxonomy.

As Bohnsack and Liesner's (2019) taxonomy was in a significant role in the analysis part, it was deemed fitting to produce an additional framework, another growth hacking taxonomy, from the data collected in this thesis. The idea is that the taxonomy developed in this thesis could be used by ecommerce owners anywhere to start growth hacking in an easy and understandable manner.

Bohnsack and Liesner (2019) validated the hacks, or patterns, using online research and expert recommendations. Whereas the hacks, or tactics, as they are called in the taxonomy in figure 9, have not been validated using online research or expert recommendations, they are the result of data collection from a real-life business example from teams that work with the same challenges as growth teams try to hack every day.

In some sense, these hacks can be seen as more authentic, especially when talking about growing ecommerce as they are the direct result of questions on how to increase the visitors, conversion rate and average order value in ecommerce. These questions are paramount to any ecommerce managers and thus, the taxonomy developed in this thesis is more tightly focused on those than Bohnsack and Liesner's (2019) taxonomy is.

It should also be noted that Bohnsack and Liesner's (2019) hacks often have a relatively wide scope e.g. under acquisition, they have a pattern "inbound and outbound marketing" which essentially entails the use of SEO, SEM, outreach, email and content as tactics.

For someone new to growth hacking, this kind of pattern or hack can be more difficult to execute than the hacks under the taxonomy developed in this thesis. In the taxonomy developed

in this thesis, the tactics are more hands-on and self-explanatory, for example, email marketing instead instead of the use of the term "inbound" which consists of both email marketing. This is the reason why the hacks in the taxonomy in this thesis are called tactics rather than patterns so that they serve as bite-sized tests for any marketer to add to their toolkit.

As a summary, the taxonomy developed in this thesis should be used to complement Bohnsack and Liesner's (2019) taxonomy and it can also be used alongside. It is important to note that not all tactics will be relevant to everyone, but they should be chosen based on the resources and skills available and match the product or service that is being marketed.

4.3 What Does an Ideal Growth Team Look Like?

A growth hacking team does not need to be big to produce big results. It was evident in the interviews and workshops that the team must include people with certain roles and competence. Sometimes these can exist in the same person, but it is preferable that different people have a different type of specialist knowledge. The interviewees were unanimous in their definition of the ideal growth hacking team with commenting:

> *"The team does not have to be big to succeed. The team needs to have someone who looks after progress, someone who knows how to code and do coding development. One who does marketing automation and content and who also preferably knows how to photograph. It is important that the sales team is part of such teams. Sales and marketing should not be apart."* (Manager, Communications)

> *"The team has to have someone who understands and can interpret data, a developer who codes, service designer and a marketing person. These can be separate people or one person can wear multiple hats if they have the knowledge." (*Director, Digital Development)

When it comes to the most important asset of a growth hacker, one interviewee summarises it by saying that understanding the commercial side is crucial for everyone in the team as this should guide the operative work of growth hacking teams:

> *"The most important thing is to understand the business. This takes you directly to your goal and at least one, and preferably all, should share the understanding of the business side."* (Director, Digital Development)

In addition, mindset matters. It was clear that no other skill set is enough if the mindset is against the ethos of growth hacking (continuous doing, testing and being data-driven) as described by one interviewee:

> *"The most important thing is the mindset: testing fast without forgetting the quality."* (Manager, Communications)

Upon analysis and coding of the skills required to conduct growth hacking experiments ideated in the workshops, it is apparent that an idea team consists of people who have, amongst them, the skills listed below. The examples below the skills illustrate where this skill is useful and as it can be seen, many of the skills are needed to conduct the growth hacking experiments.

The skills categorised from the coding in data analysis are marketing, IT/development, content, product development and design. All these were also underlined by a commercial understanding, i.e. the understanding of what can make a business grow.

- Marketing
    - Paid marketing and the use of programmatic in attracting customers to an online store
    - Using both reach and conversion goals in paid marketing
- IT/ Developer
    - Redirect URLs used in advertising and packaging, that currently take to another web page owned by the company, to the online store
    - Reduce clicks to purchase
    - Change the location of the "add to cart" button
- Content
    - Add packaging slips to all orders dispatched from the warehouse with a call to action for a return purchase
- Product Development
    - Have bigger and more expensive products in the online store
    - Creating products as "services" into bulk buying for several months or even up to a year's supply of them
- Design
    - All the experiments required some design skills, some more (product development) and some less (creatives for paid advertising)

Based on the experiments and skills required above, it is apparent that no one skill in a team is enough but that they all complement each other. To illustrate the importance of multi-disciplinary team, a service blueprint was drawn. The service blueprint shows how one of the experiments that came up in a workshop can be executed within a growth hacking team.

The test chosen for the blueprint was how to increase average order value by displaying what products customers should buy to qualify for free shipping. The free shipping threshold is

calculated so that it increases the average order value while it remains profitable for the business.

Figure 10: A service blueprint illustrating how a growth hacking test aiming to increase average order value can be executed and steps required. The service blueprint canvas was adapted from Sarvas et al. (2016).

As can be seen in figure 10, completing a growth hacking test requires several skills for a successful operation. This test was chosen above the others as it requires all the skills listed earlier, explained in more detail below. Albeit this is only one example, it shows how multifaceted a growth hacking test can be and how the entire team must play together and complement each other with the skills. Again, the skills are not separate roles and one person can, and should, have more than one skill to ensure agile manner in executing and analysing the experiments.

- Marketing
    - Ensuring that the product page is up to date and that the information is correct and compelling
- IT/ Developer
    - Ensuring that the calculation works and that all the integrations work
- Content
    - Ensuring that the promotion for free shipping is attractive both visually and copywriting wise all throughout the journey from entering the product page to receiving the order confirmation
- Product Development
    - Ensuring that there are high enough value products available to display as the whole product catalogue cannot be displayed
- Design

- Ensuring that the whole process works from process design to packaging design to web design

The ideal profile of a growth team member

It is apparent from the literature and the findings of this study that a multi-disciplinary and cross skill team is best deemed fitting to be part of a growth hacking team. As a result of the observation, it was apparent that the industry uses the term "T-Shaped Marketer" to describe someone who has knowledge of many areas and has in-depth knowledge of 1 or 2 areas.

T-shaped marketers, or professionals, have cross-discipline competence combined with deep discipline expertise (Chaffey, 2015). Karjalainen et al. (2009) discuss T-shaped professionals and state that they are specialists in certain areas (T's vertical stroke) and understand how this specialism interacts with expert areas (horizontal stroke).

Based on the findings and analysis of this research, in the context of ecommerce, a T-Shaped Marketer's profile is drawn up to a graph in figure 11. In figure 11, this person's strongest area is marketing, but they understand the other required skills areas too enough to operate in a growth team. For another person, the strongest area could be IT/Development while they would then understand the rest of the required specialisms.

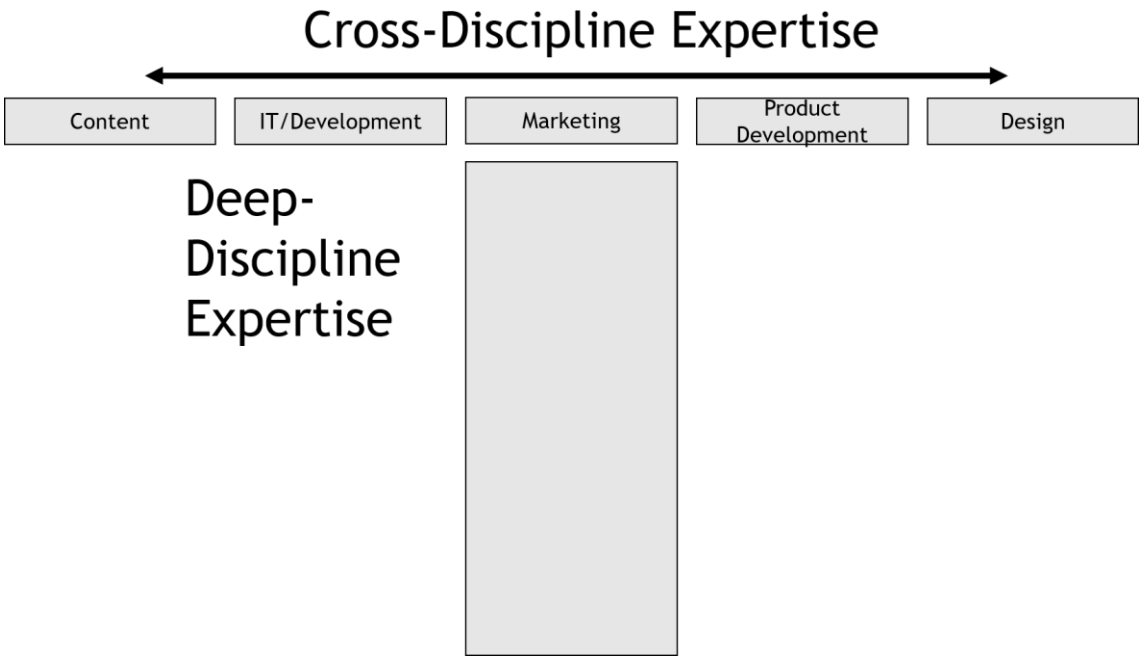

Figure 11: An example of a T-Shaped professional in a growth hacking team based on the findings of this research. The figure has been adapted from Chaffey (2015).

4.4 Growth Hacking and Service Design = Better Together

The idea of growth hacking is to essentially grow a business by growing, and keeping, its customer base. The word “growth” in growth hacking implies just that: grow the business. Growth is a necessary driver for any business looking to stay relevant today and years to come. The word “hack” in growth hacking, on the other hand, implies the skills -and mindset- a growth hacker should possess. Hacking is usually associated with being ruthless in finding a solution that works for whatever is tried being hacked. Admittedly, growth teams and growth hackers must be ruthless in their ways as traditional marketing techniques may not work. Also, the techniques should be implemented far before the product launch, a lot earlier than is traditionally being thought of.

Service designers and growth teams utilise numerous same tools in their work. Service designers focus on the users and empathising with them, finding the issues they are facing and building a solution to match them. Growth teams follow the exact same logic even though their focus may not always be solely on users, users are the end game as they are the ones growth teams are trying to acquire or keep.

Service designers and growth hackers both need to be very creative in their problem-solving skills. Sometimes an experiment can keep failing even if the gut feeling says that there is something worth money in the experiment and this is where creativity comes to play. It also comes to play in the form of customer journey and empathy maps as it can be that by mapping the process from a customer’s point of view reveals something that the experiment did not take into account.

Other design thinking tools are full of useful tools for both service designers and growth hackers too. Observation, mind maps, persona and empathy maps, brainwriting, storyboards, prototyping and storytelling (Tschimmel, 2012) are all tools that growth teams can benefit of when ideating, executing and measuring hacks for growth. In addition, growth hacking adopts elements of human-centred design in by being iterative and looking at the solutions from the users’ and organisation’s point of view.

Even though co-creation is stronger in service design and growth hackers can do their work to some extent without never talking to a user, it is important to note that there are a variety of tools growth hackers already use, and can start using from service design toolkits. This does not mean that growth hackers do not take users into account, but that growth hacking does not as such require talking to the users (there is plenty of user data in digital systems available). Perhaps not all service designers can be growth hackers as the mindset is in such an important role, but all growth hackers can learn to utilise elements of service design to optimise their work.

Koryak, et al. (2015) have devised a research framework for their research looking at the relationship between leadership and growth. In this framework, growth is studied from the point of view of the determinants: what determinates the growth in small and medium-size businesses. Adapting from Koryak, et al. (2015), below is a framework (figure 12) that illustrates how growth hacking and service design are better together. This framework is set at the scope of this thesis and ecommerce, shedding light into what are the skills and capabilities needed in growth teams as well as into how service design can support all this.

The skills and capabilities are shown as well as the mindset. The arrow between growth hacking and service design tools moves both ways to show their mutually beneficial relationship.

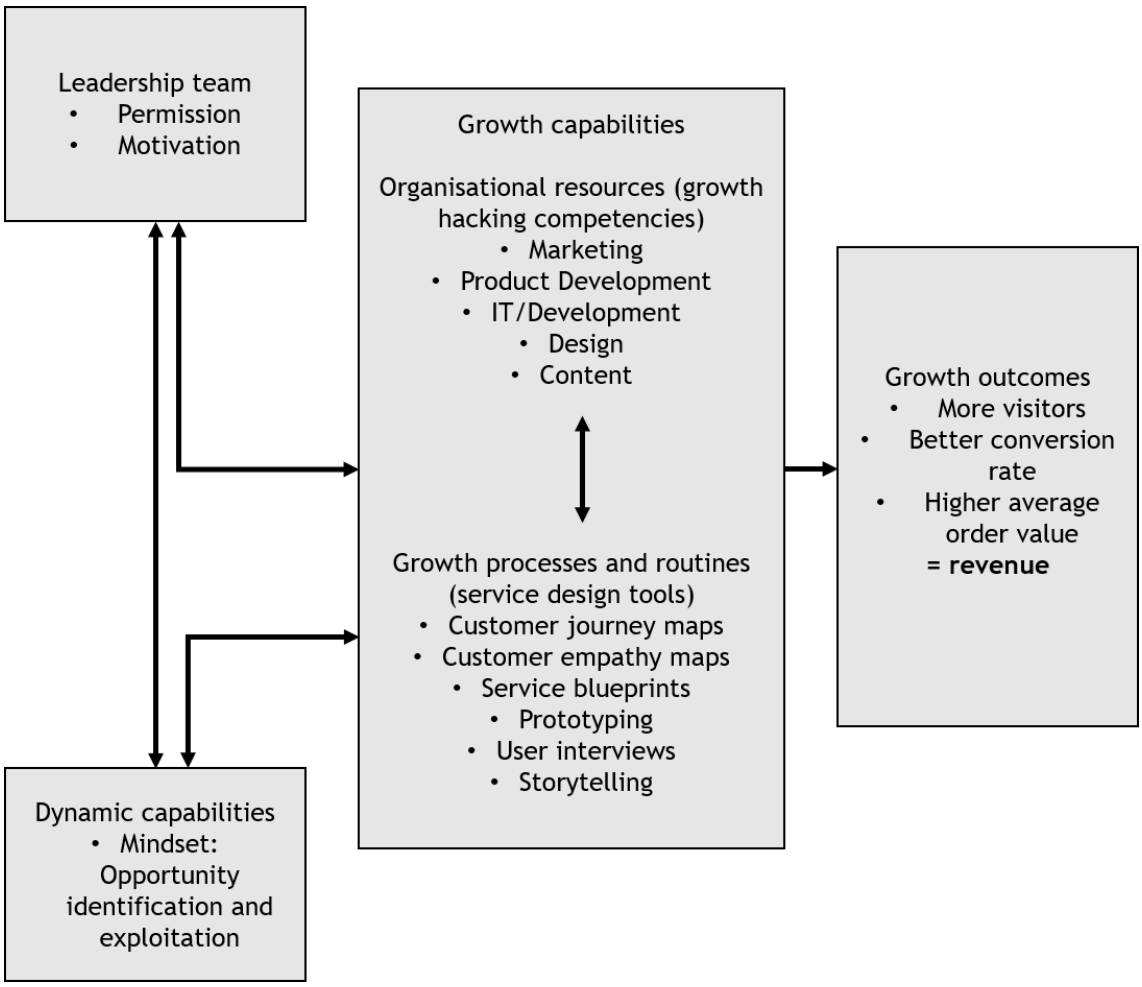

Figure 12: A framework for using growth hacking and service design together to achieve growth in ecommerce. Adapted from Koryak, et al. (2015, p.93).

5 Conclusion, Limitations and Recommendations

The main motivation behind this thesis was to answer two research questions: “How growth hacking can be applied to ecommerce in enterprises?” and “What are the skills required in a successful growth team in this context?”

The requirement for the right mindset is seen as an essential skill for people to successfully form growth teams and deploy growth hacking in enterprises. For any organisation to implement growth hacking, they must aim to break down the silos and considering not only the cultural aspect of it and the freedom to operate in an agile manner but also what it requires from the mindset of the employees. In terms of the skills, growth hackers are people who possess a hybrid mix of skills from a technical and tactical point of view, but who can also think strategically about growth.

The team must be multi-disciplinary with the following skills present marketing, IT/development, content, product development, design. All these assume that the individuals possessing such skill set have a wide understanding of their own area and that everyone shares the desire for commercially viable growth. It is important to note that growth teams can be highly successful and practically hinder any stalls in business but only if they are given the tools and freedom to work in an agile manner to find the concepts that provide the most value and can be scaled for the rest of the business.

Relatively little exists in the literature on growth hacking and this thesis sheds light into how it can be applied in the context of ecommerce in large organisations. It gives some practical experiments for implementation as well as guides to the formulation of such teams. It also presents an extensive review of the existing literature and can be used as a point of reference to the concept of growth hacking in general.

The data collection for this thesis took place at growth hacking events, through interviews and workshops where ideas for growing ecommerce were formed. The two events were both some of the most prominent growth hacking events in Finland, however, it would have been interesting to observe more at a team level in different organisations in addition to the events. Team observation would have given more insight into the team dynamics and practicalities on how to organise growth teams and who should be part of them. The two interviews were used to generate a deeper understanding of the matter.

Should resources have permitted, it would have been interesting to interview more people to get an even better understanding of what the preferred competencies and hurdles for growth teams at large enterprises are. This would likely have informed different results as the data collected would have been more versatile; now the two interviewees discussed the topic in a very similar manner.

Two workshops (n=5, n=4) were also organised to generate ideas for growing ecommerce. The workshops both had the same question sets and utilised service design tools in ensuring high amount and quality of answers. Facilitation was a key part of the successful operation of the workshops. Whereas the workshops produced a good amount of data for analysing, it would have been interesting to organise them with a more varied participant pool, perhaps even people who do not work in digital services at all.

Perhaps organising them with the customers of ecommerce would have been eye-opening as then ideas that were previously not thought of could have emerged. In this case, the research design would have been even more human-centred as the taxonomy would have been designed with the actual customers rather than the people working with them.

The aim of this thesis was to answer two research questions around growth hacking, and during the process, it was deemed suitable to develop a growth hacking taxonomy from the data. As development goals, these worked well, and the data collection and analysis supported them well and the theory was always kept along the process. Another approach would have been not to form such tightly scoped research questions, but let the data collected answer what the most interesting matters are.

Perhaps it would have been the skills or how to implement growth hacking, but something to do with recruiting the right employees regardless of their role or title, budget management or product design. Or something else. It could have been interesting to gather data and views from a large number of people and let the findings form the question that was answered. In addition, the limitations of this thesis research include relative low sample size as well as only studying one company in one industry. It would be interesting to research enterprise-level ecommerce businesses at a wider scale to better understand how different teams have been formed and how do they work and what is their place in the organisational charts.

There reasons for this thesis being useful for ecommerce managers are twofold. On the other hand, this thesis showcases how service design can be used to grow ecommerce with practical tactics that can be applied by the relevant teams. On another hand, this thesis also describes in detail the profile and competencies hiring managers should look at when recruiting new employees. These qualities, such as the mindset for growth and creativity, are important in every role and not just in growth teams.

It is recommended that enterprises who have ecommerce stores form multi-disciplinary teams who have the mandate to conduct experiments and fearlessly find new places for growth. In addition, the entire organisation should be encouraged to read and learn about the growth hacking mindset. The incremental change in the way everyone in an organisation thinks can bring huge benefits when multiplied by every employee. Whereas growth hacking teams

should exist, it should not be left to be only one team’s tasks to drive growth, but everyone should fearlessly seek growth and leave no stone unturned in the process.

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Figures

Tables

Appendices

Appendix 1: A field guide for the interviews

GROWTH HACKING INTERVIEW FIELD GUIDE

RESEARCH QUESTION: How can enterprises adopt growth hacking in the context of ecommerce and what skills are needed to form a successful growth team?

The goals:

1. best ways to drive growth hacking at enterprise-level?
2. what skills are needed to form a successful growth team for ecommerce?

Details:

The time and place of an interview:

Demographics of the interviewee:

INTRODUCTION:

Confidentiality & agreement for recording

Would you mind if I record you? I will use it only for my studies purposes and I will destroy it afterwards. I assure you that recording won't be publicly distributed and placed online.

Turning on a /recorder (check equipment in advance)

Explaining who you are

I am a Laurea student of Service Innovation and Design studies and I would like to talk to you about growth hacking for the purpose of my MBA thesis. I have a lot of questions to ask and I am interested to hear your stories & experiences. There are no wrong or right answers to any of the questions so please speak from your own point of view freely.

Confirming timing:

Will you be available for ~1 hour?

Starter questions/Demographical ones

Tell me about yourself and your role at organisation X?

Tell me about the teams you work in? Or what is your team like?

MAIN QUESTIONS

Growth hacking meaning

a.) What does the term growth hacking mean to you?
b.) How would you define growth hacking?
c.) How is growth hacking visible in your daily/weekly life?
d.) How have you seen marketing evolve through your career?
e.) How have you seen ecommerce marketing evolve through your career?
f.) What do people misunderstand when we talk about growth hacking?

Growth hacking in practice

g.) Do you have or do you work in a growth hacking team?
h.) If not, then what would an ideal growth hacking / growth marketing team look like?
i.) Who is part of the team? Their roles?
j.) What skill sets do these people have?
k.) Who is missing from this team?
l.) Most important skills of a growth hacker?
m.) What skills do you look for when you recruit new team members?
n.) Are the skills transferrable across industries or tasks within ecommerce and/or digital marketing?
o.) What are the tangible things they deal with when it comes to growth hacking?
p.) If a company or someone would like to become a growth hacker, where would you recommend, they start?

Any obstacles?

q.) What are the obstacles they see to growth hacking in an enterprise?
r.) What is the best way to overcome them?

Practicalities when it comes to growth hacking?

s.) How do you budget for growth hacking?
t.) How do you promote testing culture?
u.) What experiments have you run and what are the best ones out of them?
v.) What tactics have worked best for your business?

PROJECTION/DREAM QUESTIONS:

If you could imagine the world without limitations what would growth hacking look at your company?

Summary

A good interviewer should/might be able to summarise some of the themes the interviewee has revealed and follow-up on the subject like:

- You mentioned this this and this, did I understand correctly? Based on this, is there something you'd like to add? Is there something missing?

WRAP UP:

Did we miss anything?

Is there anything you would like to ask me?

ENDING

Thank you for your help

MATERIALS:

Any drawings or other material?

Appendix 2: Translations from the original language to English of the statements quoted in the thesis

Quote in original language (Finnish)	Translated in English
"Kasvuhakkerointi on tavoitteellista toimintaa, jatkuvaa tekemistä. Growth hackinging myötä tekeminen perustuu faktoihin ja on dataohjautuvaa. Growth hacking on tärkeää koska se mahdollistaa asioiden priorisoinnin kaupallisten, mitattavien, tavoitteiden perusteella".	"Growth hacking requires a goal. It is based on facts and is data-driven. Growth hacking is important as it allows for prioritisation based on commercial and measurable gains."
"Growth hackingiä pitäisi tehdä joka päivä. Se on tapa ohjata ajattelua jonka tulisi perustua A/B testaamiseen ja konkreettiseen tekemiseen strategiakalvojen sijaan. Se vastaa kysymykseen siitä mikä on oikea tapa tehdä ja se auttaa oppimaan tehdystä"	"Growth hacking should be part of daily operations. It is a way of thinking which should be based on A/B testing and concrete actions rather than visualising strategies but not adding concrete actions next to them. It answers the question of what is the correct way of operating and increases learnings from what has been done."
"Tiimin ei tarvitse olla iso saadakseen aikaan paljon hyviä juttuja. Tiimissä tulee olla yksi joka valvoo asioiden etenemistä, yksi joka osaa IT:tä ja on koodiosaaja. Yksi tekee markkinoinnin automaatiota ja sisältöjä, joka mielellään myös osaa valokuvata. Myös myynnin osaaminen ja osallistuminen on tärkeää eli myynnin tulee olla mukana. Myynti ja markkinointi ei tulisi olla erikseen"	"The team does not have to be big to succeed. The team needs to have someone who looks after progress, someone who knows how to code and do coding development. One who does marketing automation and content and who also preferably knows how to photograph. It is important that the sales team is part of such teams. Sales and marketing should not be apart."
"Tiimissä tulee olla dataosaaja, liiketoiminnan edustaja, kehittäjä joka koodaa, palvelumuotoilija ja sekä markkinoija. Nämä voivat olla erillisiä	"The team has to have someone who understands and can interpret data, a developer who codes, service designer and a marketing person. These can be separate people or one

ihmisiä tai yhdellä ihmisellä voi olla useampi rooli jos on osaamista näissä”	person can wear multiple hats if they have the knowledge.”
“Liiketoiminnan ymmärrys on kaikkein tärkein taito. Tämä johtaa suoraan tavoitteeseen. Ainakin yhdellä tulisi tämä olla ja mielellään kaikilla tiimin jäsenillä”	”The most important thing is to understand the business. This takes you directly to your goal and at least one, and preferably all, should share the understanding of the business side.”
”Tärkeintä on mindset ja ajatusmalli: nopea testaaminen unohtamatta laatua”	”The most important thing is the mindset: testing fast without forgetting the quality”

Appendix 3: Interview notes

Notes were taken on the field guide with jotted thoughts and have been written out here in brief.

Interview 1

-Works in a cross-business team

-growth hacking a trend word, have been around for a long time. Visible in daily life with small resources but ability to do things regardless. People think growth hacking is something new, but it is a mindset.

"Growth hacking requires a goal. It is based on facts and is data-driven. Growth hacking is important as it allows for prioritisation based on commercial and measurable gains."

-roles are needed and need to be clear, one team with complementing skills, the team has the mandate to work and operate independently

"The team does not have to be big to succeed. The team needs to have someone who looks after progress, someone who knows how to code and do coding development. One who does marketing automation and content and who also preferably knows how to photograph. It is important that the sales team is part of such teams. Sales and marketing should not be apart."

-testing is key, big ship moves fast but with data things can be explained better. Does not need more budget but the ability to execute.

"The most important thing is to understand the business. This takes you directly to your goal and at least one, and preferably all, should share the understanding of the business side."

Interview 2

-Works in digital service development

-People do not always think about growth hacking but everything should aim for something, data-driven approach and making decisions based on data important, helps to prioritise.

"Growth hacking should be part of daily operations. It is a way of thinking which should be based on A/B testing and concrete actions rather than visualising strategies but not adding concrete actions next to them. It answers the question of what is the correct way of operating and increases learnings from what has been done."

-Growth hacking considered something trendy but has been around for a long time, mindset is the most important quality really.

-Business and development and service design should be part of the team skills and everyone should share commercial awareness and business understanding

“The team has to have someone who understands and can interpret data, a developer who codes, service designer and a marketing person. These can be separate people or one person can wear multiple hats if they have the knowledge.”

-It is important to have a clear objective for what you are trying to grow, focus needs to be clear and based on facts and most importantly, growth hacking must be continuous

”The most important thing is the mindset: testing fast without forgetting the quality”

Appendix 4: Workshop A agenda

Growth Hacking ideation workshop 2020

15 January 2020

10.00-15.00

Agenda:

- 10.00-10.15: 2020 Growth Hacking Goals / KPIs to Hack
- 10.15-11.30: What to Experiment Next? For All KPIs
- 11.30-12.15: Lunch
- 12.30: What to Experiment Next? For all KPIs, Continued

Attendees:

Marketing coordinator

Content planner

Digital director

Ecommerce manager

Tools used:

Ideation in silence and brainwriting with Mentimeter

Discussion of ideas, note taking and adding on the ideas and how they can be expanded

Appendix 5: Workshop B agenda

2# Growth Hacking ideation workshop 2020

12 February 2020

10.00-14.00

Agenda:

- 10-10.15 Introductions
- 10.15-10.30 What Is Growth Hacking
- 10.30-12 2020 Growth Hacking Goals / KPIs to Grow with Experiments / Hacking - What to Experiment Next (for all KPIs)
- 12 -12.45 Lunch
- 12.45 What to Experiment Next (for All KPIs) Continued
- 14 The End!

Attendees:

Digital marketing project manager

Controller

Business development manager

Digital marketing manager

Digital development manager

Tools and methods used:

2 groups: 10+10 (but we could not complete the other 10 as the discussion brought up so many new ideas so we had to move on due to time and energy constraints)

8+8 in quiet for two questions

Brainwriting

Ideation in silence and brainwriting with Mentimeter

Discussion of ideas, note taking and adding on the ideas and how they can be expanded